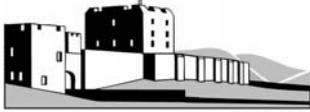


CARLISLE
CITY COUNCIL



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RESOURCES OVERVIEW AND SCRUTINY PANEL

Panel Report

Public

Date of Meeting: 17th February 2011

Title: TRANSFORMATION UPDATE – RESOURCES, GOVERNANCE
AND CHIEF EXECUTIVE’S TEAM

Report of: The Assistant Director (Resources)

Report reference: RD78/10

Summary: This report updates members on the overall Authority wide savings so far delivered or proposed as part of the Transformation Programme. The current transformation target which includes the initial target of £3million plus the additional savings required following the Government’s spending review is to reduce the recurring revenue budget by £5,496,000 by the end of the financial year 2014/15. There are other savings requirements in addition to transformation/RSG shortfall targets associated with other budget pressures but the detail is out-with of this report. This report also outlines the principal elements of the transformation and restructuring processes so far delivered or proposed with the Resources and Governance Directorate’s and Chief Executive’s team.

Questions for / input required from Scrutiny: This report is for information and comment.

Recommendations: That members note and comment upon savings made thus far.

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1) Background.

1.1 The Transformation Programme was originally required to deliver recurring revenue savings of approximately £3m over the three financial years 2009/10, 2010/11 and 2011/12. The revised targets following overall percentage reductions in Revenue Support Grant (RSG) of 26% emanating from the last comprehensive spending review are reflected on the attached spreadsheet on a year by year basis covering the period 2010/11 to 2015/16.

1.2 In summary terms, the spreadsheet identifies that overall transformation and RSG savings requirements each year are :

- 2010/11 £1,000,000
- 2011/12 £2,687,000
- 2012/13 £4,410,000
- 2013/14 £4,737,000
- 2014/15 £5,436,000
- 2015/16 £5,496,000

2) Savings Achieved to Date

2.1 Against savings targets of £1million and £2.687 million respectively in 2010/11 and 2011/12, anticipated actual savings of around £1.55million and £3.2million reflect excess savings out-turns of around £550,000 and £515,000 respectively.

2.2 In terms of the savings targets beyond 2011/12, current anticipated savings levels reflect that the Authority currently has shortfalls against the targets shown paragraph 1.2 as follows culminating in an overall transformation shortfall of £810,000 in 2015/16 as things stand.

- 2012/13 £802,000 on top of £3,608,000
- 2013/14 £913,000 on top of £3,824,000
- 2014/15 £833,000 on top of £4,603,000
- 2015/16 £810,000 on top of £4,686,000

2.3 Clearly there is some way to go to bring the Council back on track with current financial requirements especially given other budget pressures amounting to £1.5 million that are mainly associated with treasury management shortfalls.

2.4 SMT are investigating how to achieve savings to address the above shortfalls on the specific transformation target plus the additional £1,527,000 shortfall as a result of other budget pressures producing an overall shortfall of £ 2,337,000. A special SMT away-day has been organised in late February to discuss how overall savings targets are to be achieved.

3) Resources Directorate

3.1 The attached spreadsheet reflects that the Resources Directorate will be providing savings of £141,000 in 2010/11 rising year on year up to £1,803,000 in 2015/16. Comments on some specific savings items are as follows:

- The 5.5 FTE posts shown as deleted include accountancy, property, efficiency, procurement and audit personnel. These posts were deleted as part of an initial review. A further review will be undertaken in due course to determine and revise resource levels if necessary to reflect the actual requirements of transforming service directorates for Resources support services.
- The Buildings Cleaning Review will yield estimated savings of £65,000 per annum mainly from revised management arrangements the introduction of which coincides with the retirement of the existing Buildings Cleaning Operational Manger and also from the revision of work specifications at a number of Municipal Buildings including the Civic Centre and public conveniences. This review will now dovetail into the overall Public Conveniences review and the impending transfer of Tullie House cleaning staff to the trust.
- The figures show on the spreadsheet of £32,000 savings in 2010/11 and £56,000 from 2011/12 onwards reflects the outcome of Phase 1 of the Service Support Team Review process. Phase 2 has started and will dovetail into staffing structure reviews currently being undertaken in the Community Engagement, Economic Development and Local Environment Directorates.
- The Accommodation Review substantially involves revising existing arrangements at the Civic Centre and Boustead's Grassing depot. The savings identified emanate from increased external income from the letting of the Octagon to the Police Authority under a 5 year lease and from reduced costs at Boustead's Grassing which will be apparent from the re-location of a significant number of BG based staff who will from March 2011 be accommodated at the Civic Centre.

- Savings on subscriptions equating to £26,000 in 2011/12 and £50,000 from 21012/13 onwards relate to an ongoing review reducing the use of all periodicals, trade journals and newspapers and cancelling subscriptions and affiliations to a number of external organisations.
- The Buildings and Facilities review which will yield estimated ongoing savings of £34,000 per annum relates to the impact of a range of factors including the factoring in of the implications of the asset review.
- Members have already been privy to the Montagu Evans asset review business plan which will provide significant income streams from 2014/15 onwards. The project plan to deliver the review is currently being prepared.
- The savings from concessionary fares which increase from £284,000 to £515,000 when taking account of existing budgetary provision for this service which will be undertaken directly by the County Council from April 2011 onwards.
- Savings on the provision of toilet facilities will involve the phased closure of 9 public conveniences across the City.
- The proposals for reductions in Discretionary Rate Relief have been the subject of a report to full Council in January 2011.

4) Governance Directorate

4.1) The attached spreadsheet reflects that the Governance Directorate will be making an overall contribution of savings of £72,000 in 2010/11, £125,000 in 2011/12 and £123,000 from 2012/13 onwards. Specific comments are:

- The majority of the savings emanate from reduced staffing levels including the deletion of a Principal Solicitor post, the reduction of Committee services, administrative and secretarial support and the deletion of the other jobs in Environmental Protection and Overview and Scrutiny.
- Future savings are scheduled from reduced executive/member support costs. A report has been recently issued to SMT and this will be followed on with consultation of staff and members.
- Further savings will be made by reducing direct costs associated with Town Twinning.

5) Chief Executives Team.

5.1 The Chief Executives Team are currently offering up savings of £111,000 in 2010/11, £139,000 in 2011/12 and £136,000 from 20102/13 onwards.

Specific comments are:

- Most of the savings have emanated from two staffing re-structure exercises. Phase 1 involved the deletion of 3.5 FTE posts within the Policy and Communications Sections generating overall savings in excess of £100,000. In addition non-salary related budgets were reviewed and relevant reductions brought overall savings to above the £160,000 mark.
- The second Phase of the re-structuring process brought about a reduction of the number of managers with the posts of Policy and Communications being combined. This together with a further reduction of a post and some non-salary related savings will provide a further £75,000 worth of savings.
- Overall savings have been offset by the costs of re-organising the Authority's Organisational Development arrangements but all posts were recruited internally leading to some cost savings elsewhere

6) Recommendation

6.1 It is recommended that members note and comment upon savings made thus far.

P. Mason
Assistant Director (Resources)

ANALYSIS OF TRANSFORMATION/CSR SAVINGS ACHIEVED/PROPOSED FOR 2010-11 TO 2015/16

SAVINGS		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
		£000'S	£000'S	£000'S	£000'S	£000'S	£000'S	
	REMOVAL OF OLD MANAGEMENT STRUCTURE	-1,233	-1,233	-1,233	-1,233	-1,233	-1,233	Dec-09
	ADD BACK COST OF NEW STRUCTURE	585	585	585	585	585	585	Dec-09
	INCREMENTS FOR NEW MANAGEMENT STRUCTURE	0	23	34	34	34	34	Apr-11
	VACANT POSTS (NET OF VAC MANAGEMENT SHORTFALL)	-179	-179	-179	-179	-179	-179	Dec-09
ADD	RESOURCES SAVINGS	-141	-752	-881	-1023	-1761	-1803	See note 1
	GOVERNANCE SAVINGS	-72	-125	-123	-123	-123	-123	See note 2
	CHIEF EXECUTIVE TEAM SAVINGS	-111	-139	-136	-136	-136	-136	See note 3
	LOCAL ENVIRONMENT SAVINGS	-437	-849	-989	-964	-964	-964	See note 4
	COMMUNITY ENGAGEMENT SAVINGS	-11	-325	-445	-544	-585	-626	See note 5
	CARLISLE RENAISSANCE	0	0	0	0	0	0	See note 6
	ECONOMIC DEVELOPMENT SAVINGS	-1	-208	-241	-241	-241	-241	See note 7
	S/T	-773	-2398	-2815	-3031	-3810	-3893	
LESS	OTHER FIRST YEAR COSTS - Consultancy/Training	50						
	NET SAVING 2010/11 TO 2015/16	-1,550	-3,202	-3,608	-3,824	-4,603	-4,686	
	ORIGINAL TARGET SAVINGS IN MTFP FOR 2010/11 TO 2015/16	-1,000	-2,000	-3,000	-3,000	-3,000	-3,000	
	ADDITIONAL RSG SHORTFALL	0	-687	-1,410	-1,737	-2,436	-2,496	
	TOTAL SAVINGS REQUIREMENTS	-1,000	-2,687	-4,410	-4,737	-5,436	-5,496	
	EXCESS SAVINGS/SHORTFALL IN SAVINGS	-550	-515	802	913	833	810	

		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Est/Act Date From
		£000's	£000's	£000's	£000's	£000's	£000's	
NOTE								
1	Reduction of 5.5 FTE posts	-158	-227	-227	-227	-227	-227	Aug-10
	Addition of Financial Services Officer	59	64	64	64	64	64	Mar-10
	Buildings Cleaning Review	0	-65	-65	-65	-65	-65	Apr-11
	Support Service Team Review - Stage 1	-32	-56	-56	-56	-56	-56	Oct-10
	Support Service Team Review - Stage 2	0	-50	-50	-50	-50	-50	Apr-11
	Accommodation Review	-10	-40	-40	-40	-40	-40	Oct-10
	Resource Planning - Capitalisation of Salaries	0	-30	-30	-30	-30	-30	Apr-10
	Corporate - Subscriptions	0	-26	-50	-50	-50	-50	Apr-11
	Buildings and Facilities Review	0	-28	-34	-34	-34	-34	Jun-11
	Property Services - Asset Review	0	55	69	-16	-696	-678	Apr-12
	Concessionary Bus Fares	0	-284	-340	-397	-455	-515	Apr-11
	Public Conveniences	0	-50	-72	-72	-72	-72	Apr-11
	Reduction in Discretionary Rate Relief	0	-15	-50	-50	-50	-50	Apr-11
	Projected savings to date	-141	-752	-881	-1023	-1761	-1803	
			S/T					
2	Reduction of 4.99 FTE posts inc on-costs	-159	-171	-172	-172	-172	-172	Feb-10
	Addition of Legal Services Manager	59	65	65	65	65	65	Feb-10

Phase 3 Requirements first call on savings	18	18	19	19	19	19	Apr-10
Revised Electoral Staffing Arrangements	-3	-6	-6	-6	-6	-6	Oct-10
Revised Arrangements to facilitate deletion of DS Manager	13	13	15	15	15	15	Apr-11
Reduce Executive/Member Support Costs	0	-35	-35	-35	-35	-35	Apr-11
Town Twinning cost reduction	0	-9	-9	-9	-9	-9	Apr-11
Projected savings to date	S/T	-72	-125	-123	-123	-123	

3	Reduction of 3.5 FTE posts in Policy and Communications Sections	-106	-119	-119	-119	-119	-119	Oct-10
	Reduction in the number of Carlisle Focus editions(min)	-8	-8	-8	-8	-8	-8	Apr-10
	Reduce Internal Communications Budget(min)	-2	-2	-2	-2	-2	-2	Apr-10
	Use of Graphic Designer to undertake work currently commissioned externally	-10	-10	-10	-10	-10	-10	Apr-10
	Reduce Corporate Marketing Budget	-2	-2	-2	-2	-2	-2	Apr-10
	Delete the IT Hardware Budget	-4	-4	-4	-4	-4	-4	Apr-10
	Reduce Payments to Third Parties	-10	-10	-10	-10	-10	-10	Apr-10
	15% Reduction for member group training	-3	-3	-3	-3	-3	-3	Apr-10
	Emergency Planning stationery/gen exp budget reductions	-4	-4	-4	-4	-4	-4	Apr-10
	Reductions to bottom of grades and start dates	-12	-2	0	0	0	0	Apr-10
	Projected savings to date	S/T	-161	-164	-162	-162	-162	

Re-organisation of Organisational Development Section including the permanent deployment of a "Skills for Life Officer and the creation of the O.D. Co-ordinator offset by the deletion of the Learning City Manager Post.	30	73	73	73	73	73	Jun-10
Additional non salary budget for Org Development	0	5	5	5	5	5	Apr-11
Post Changes - Project Support Officer to Corporate Project and Risk Management Officer	4	4	4	4	4	4	Nov-09
Administrative Assistant deleted & Corporate Information Officer added	8	8	8	8	8	8	Jun-10
Phase 3 Requirements first call on savings	8	10	11	11	11	11	Apr-10
Further Reductions in P&P and Communications	0	-75	-75	-75	-75	-75	Apr-11
Projected savings to date	S/T	-111	-139	-136	-136	-136	

4	New Green Box Contract (part year-1/6/10 start)	-304	-363	-363	-363	-363	-363	Jun-10
	Savings on Hired in vehicles	-65	-60	-50	-25	-25	-25	Apr-10
	NB The annual sum will diminish as the fleet gets older							
	Highways Services Mileage exps,post and prot clothing	-10	-10	-10	-10	-10	-10	Apr-10
	Pedestrianisation Area fees and charges	-14	-14	-14	-14	-14	-14	Apr-10
	Reduced Grounds Material and Plants Budget	0	-15	-15	-15	-15	-15	Apr-10
	Local Environment DMT Re-Structure	-18	-71	-71	-71	-71	-71	Jan-11
	Local Environment Efficiency & Savings Review	0	-100	-250	-250	-250	-250	Apr-11
	Deletion of P/T Secretarial Post	-8	-12	-12	-12	-12	-12	Aug-10
	Revised CCTV Arrangements	0	-30	-30	-30	-30	-30	Apr-11
	Organist at Crematorium to retire and a sound system							

	purchased to provide music at funeral services	-8	-8	-8	-8	-8	-8	Apr-10
	Bereavement Services Gas Budget Reduction	-5	-5	-5	-5	-5	-5	Apr-10
	Reduce Food & H&S Sampling Budget	-5	-5	-5	-5	-5	-5	Apr-10
	Countryside Recreation & Allotments	0	-24	-24	-24	-24	-24	Apr-11
	Play Areas - Reduced Inspection and Maintenance	0	-45	-45	-45	-45	-45	Apr-11
	Park Rangers	0	-35	-35	-35	-35	-35	Apr-11
	Neighbourhoods and Clean Spaces	0	-52	-52	-52	-52	-52	Apr-11
	Projected savings to date	S/T	-437	-849	-989	-964	-964	
5	Withdrawal of support for Anchorage Centre	0	-29	-29	-29	-29	-29	Apr-11
	Community Engagement DMT Re-Structure	-11	-44	-44	-44	-44	-44	Jan-11
	Community Engagement Staffing Review	0	-102	-102	-102	-102	-102	Apr-11
	Community Engagement delivery infrastructure cost reductions - transport, equipment, supplies & Project Dev	0	-25	-25	-25	-25	-25	Apr-11
	Contributions for use of facilities budget given up	0	-6	-6	-6	-6	-6	Apr-11
	Phased Reduction of running costs for Tullie House Trust	0	-101	-172	-230	-230	-230	Apr-11
	Introduction of Charges for serving notices to Landlords	0	-2	-2	-2	-2	-2	Apr-11
	Reduction in Discretionary Grants	0	0	-41	-82	-123	-164	Apr-13
	Summer Playschemes	0	-11	-11	-11	-11	-11	Apr-11
	Play Raffles	0	-5	-5	-5	-5	-5	Apr-11
	Visual Arts	0	0	-8	-8	-8	-8	Apr-12
	Projected savings to date	S/T	-11	-325	-445	-544	-585	-626
6	Any savings made included within Econ Dev Re-Structure	0	0	0	0	0	0	
	Projected savings to date	S/T	0	0	0	0	0	
7	Economic Development Re-Structure	0	-132	-142	-142	-142	-142	Apr-11
	Reduced Environmental Grant Budget	0	-10	-10	-10	-10	-10	Apr-11
	Delete Historic Grants Budget	0	-37	-37	-37	-37	-37	Apr-11
	Shopmobility Income Offset to Equipment Costs	-1	-1	-1	-1	-1	-1	Apr-10
	Conference Group	0	-28	-28	-28	-28	-28	Apr-11
	Carlisle and Brampton TIC's	0	0	-23	-23	-23	-23	Apr-12
	Projected savings to date	S/T	-1	-208	-241	-241	-241	
	TOTAL		-773	-2398	-2815	-3031	-3810	-3893
	Consultancy and Training Costs	50	0	0	0	0	0	
	Savings made or deemed to be ready for ledger input	-762	-1,325	-1,390	-1,422	-1,480	-1,540	
	Not finalised but considered to be substantially certain	-11	-1073	-1425	-1609	-2330	-2353	
	TOTAL SAVINGS		-723	-2,398	-2,815	-3,031	-3,810	-3,893